

INSULAR AREAS

October 2016

THE SITUATION



The Natural Resources Committee has jurisdiction over the U.S.-affiliated insular areas, which include the territories of Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands; also the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau under the Compacts of Free Association.

Insular areas face serious economic challenges stemming from heavy dependence on only a few key industries, scarce natural resources, shortages of skilled labor, and reliance on federal grants to fund basic services, to name a few (GAO, 2006).

WHY SHOULD AMERICANS CARE?

Strategic Importance: Palau is particularly important, as one of our strongest allies in the Western Pacific. And yet, **the 2010 extension agreement of the Palau Compact has been ignored by Congress since it was submitted for approval by the Department of State in the beginning of 2011**. Other insular areas are of strategic military importance as well. Guam, for example, is a linchpin in the U.S. strategy to assert influence in the Pacific. It is the only island between Hawaii and Asia that has both a protected harbor and sufficient land for major airports. The U.S. military already occupies a quarter of the land on Guam with a Navy base, submarine docks, and an Air Force base. And there will only be more military buildup in the future; the **Department of Defense is looking at Guam and the Marianas to create space for large-scale operations involving every branch of the American military**.

Economic Challenges: **All the territories, most notably Puerto Rico, face serious economic challenges and very high debt loads because Congress has failed to replace outdated incentives that were necessary for economic growth.** Relatedly, because the islands are not eligible for full funding under federal health care programs, their government resources are drained from the high cost of health care for their residents. If action isn't taken to address these concerns, we could face the potential for fiscal collapses similar to Puerto Rico in each of the other territories.



House Democrats are committed to addressing issues that pertain to the territories as they arise, be it approval of the Palau Compact, shoring up the economic health of the insular areas, or protecting our military interests.



House Republicans have paid little attention to our insular areas. In the 114th, the only issue Congress addressed, at the last minute, was Puerto Rico's debt crisis. We hope that this Congress' inaction on insular areas issues is not indicative of a trend.

HOW DO WE MOVE FORWARD?

Congress needs to remember that promises were made to ensure both the economic and social well-being of our insular areas. **We need to place a priority on addressing the economic needs of these areas out of respect for their rights and contributions to our nation.**

THE FACT

100s of Palauans volunteer and serve in the U.S. military. The republic of 20,000 residents has **200 fighting men and women in U.S. uniforms**, according to Palauan officials.